

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name OCQUEOC BEARINGER FIRE BOARD	County PRESQUE ISLE
Fiscal Year End 3/31/07	Opinion Date 8/2/07	Date Audit Report Submitted to State 8/24/07	

We affirm that:

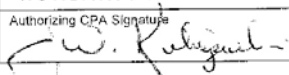
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) J W KIELISZEWSKI CPA PC		Telephone Number 989-734-4844	
Street Address 476 NORTH THIRD ST		City ROGERS CITY	State MI
Authorizing CPA Signature 		Zip 49779	License Number 1001010056
Printed Name J W KIELISZEWSKI			

OCQUEOC BEARINGER FIRE BOARD
Presque Isle County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended March 31, 2007

OCQUEOC BEARINGER FIRE BOARD

TABLE OF CONTENTS

Auditing Procedures Report.....	1
Independent Auditor’s Report.....	4
Management’s Discussion and Analysis.....	5-6
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	8
Statement of Activities.....	9
Fund Financial Statements	
Balance Sheet.....	10
Reconciliation of Balance Sheet of Governmental Fund to the Statement of Net Assets.....	11
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	13
Notes to Financial Statements.....	14-19
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	21
Report on Compliance and Internal Control on Financial Reporting.....	22-23
Letter of Comments and Recommendations.....	24-25

INDEPENDENT AUDITOR'S REPORT

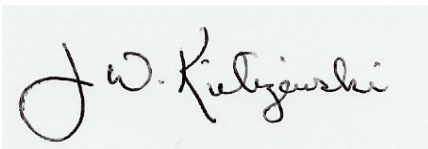
Ocqueoc Bearinger Fire Board
Board of Directors
Presque Isle County, Michigan

I have audited the accompanying financial statements of the governmental activities and major fund of Ocqueoc Bearinger Fire Board as of and for the year ended March 31, 2007, which collectively comprise the Fire Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ocqueoc Bearinger Fire Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Ocqueoc Bearinger Fire Board, as of March 31, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



J.W. Kieliszewski, CPA, PC
August 2, 2007

OCQUEOC BEARINGER FIRE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended March 31, 2007

The Management's Discussion and Analysis report of the Ocqueoc Bearinger Fire Board covers the Fire Board's financial performance during the fiscal year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$376,139 for governmental activities.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis; the basic financial statements; and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Fire Board and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Fire Board in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Fire Board as a whole using accounting methods used by private companies. The statement of net assets includes all of the Fire Board's assets and liabilities. The statement of activities records all of the current year revenues and expenditures regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases or decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Fire Board are reported as governmental activities. This includes the General Fund.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Fire Board's funds, focusing on significant (major) funds, not the Board as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Fire Board also may create them. Funds are established to account for funding and spending or specific financial resources and to show proper expenditures of those resources.

The Fire Board has only the General Fund.

FINANCIAL ANALYSIS OF THE FIRE BOARD AS A WHOLE

During the year we purchased \$15,492 of fire protection related equipment.

FINANCIAL ANALYSIS OF THE FIRE BOARD'S FUNDS

The General Fund pays for all of the Fire Board's governmental services, with total expenditures of \$36,113.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Fire Board's governmental activities invested \$15,492 in capital assets.

The Fire Board did not pay anything in principal on long-term debt.

CONTACTING THE FIRE BOARD'S MANAGEMENT

This financial report is designed to provide our taxpayers and creditors with a general overview of the Fire Board's finances and to demonstrate the Fire Board's accountability for the revenues it receives. If you have any questions concerning this report please contact the Fire Board Chairman at 989-734-4935.

Basic Financial Statements

OCQUEOC BEARINGER FIRE BOARD
GOVERNMENT-WIDE STATEMENT OF NET ASSETS

March 31, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
CURRENT ASSETS - Cash	\$ 5,434
NON-CURRENT ASSETS	
Capital Assets	\$ 497,409
Less: Accumulated Depreciation	<u>(126,704)</u>
Total Non-Current Assets	<u>370,705</u>
TOTAL ASSETS	<u><u>\$ 376,139</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES	
Total Liabilities	<u>\$ -</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	370,705
Unrestricted	<u>5,434</u>
Total Net Assets	<u>376,139</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 376,139</u></u>

The Notes to Financial Statements are an integral part of this statement.

OCQUEOC BEARINGER FIRE BOARD
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended March 31, 2007

		Program Revenue		Governmental Activities
				Net (Expense)
	Expenses	Charges for Services	Operating Grants - Contributions	Revenue and Changes in Net Assets
<u>FUNCTIONS/PROGRAMS</u>				
Governmental Activities:				
Public Safety	<u>\$ 39,602</u>	<u>\$ 27,500</u>	<u>\$ 8,529</u>	<u>\$ (3,573)</u>
Total Governmental Activities	<u>39,602</u>	<u>27,500</u>	<u>8,529</u>	<u>(3,573)</u>
General Revenues				<u>-</u>
Change in Net Assets:				(3,573)
Net Assets, beginning of year				<u>372,566</u>
Net Assets, end of year				<u>\$ 376,139</u>

The Notes to Financial Statements are an integral part of this statement.

OCQUEOC BEARINGER FIRE BOARD
BALANCE SHEET – GOVERNMENTAL FUND

March 31, 2007

	<u>Total (General)</u>
<u>ASSETS</u>	
Current Assets- Cash in bank	<u>\$ 5,434</u>
 TOTAL ASSETS	 <u><u>\$ 5,434</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>	
 Liabilities	
Total Liabilities	<u>\$ -</u>
 Fund Equity	
Fund Balance	
Unreserved, Undesignated	<u>5,434</u>
 Total Fund Equity	 <u>5,434</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u><u>\$ 5,434</u></u>

The Notes to Financial Statements are an integral part of this statement.

OCQUEOC BEARINGER FIRE BOARD

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – GOVERNMENTAL FUND**

For the Fiscal Year Ended March 31, 2007

	Total (General)
Revenues:	
Township of Ocqueoc	\$ 11,949
Township of Bearinger	15,551
State grant	2,433
Miscellaneous	<u>6,096</u>
 Total Revenues	 <u>36,029</u>
 Expenditures:	
Public Safety - Fire Protection:	
Wages and taxes	5,831
Supplies	2,618
Vehicle operation	345
Vehicle maintenance	264
Insurance	7,303
Utilities	2,894
Building maintenance	901
Miscellaneous	465
Capital outlay	<u>15,492</u>
 Total Expenditures	 <u>36,113</u>
 Excess of Revenues Over Expenditures/ Changes in Net Assets	 (84)
 Fund Balance/Net Assets - April 1	 <u>5,518</u>
 Fund Balance/Net Assets - March 31	 <u><u>\$ 5,434</u></u>

The Notes to Financial Statements are an integral part of this statement.

OCQUEOC BEARINGER FIRE BOARD

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUND TO
THE STATEMENT OF NET ASSETS**

March 31, 2007

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 5,434
----------------------------------------	----------

Amounts reported for governmental activities in the Statement
of Net Assets are different because --

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
the governmental funds balance sheet:

Capital assets, at cost	497,409
Accumulated depreciation	<u>(126,704)</u>

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 376,139</u>
--------------------------------------------	-------------------

The Notes to Financial Statements are an integral part of this statement.

OCQUEOC BEARINGER FIRE BOARD

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2007

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND \$ (84)

Amounts reported for governmental activities in the Statement of Activities are
different because -

Governmental funds report capital outlays as expenditures; in the Statement
of Activities, these costs are allocated over their estimated useful lives as
depreciation

Depreciation Expense	(18,981)
Capital Outlay	<u>15,492</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (3,573)</u>
-------------------------------------------------	-------------------

The Notes to Financial Statements are an integral part of this statement.

OCQUEOC BEARINGER FIRE BOARD

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ocqueoc Bearinger Fire Board, Presque Isle County, Michigan (the “Fire Board”), conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

The Fire Board is located in Presque Isle County and provides fire protection services to the townships of Ocqueoc and Bearinger. It is governed by a five-member board of directors, consisting of two members from each of these townships and a fifth member from the Rogers City Planning Commission. The board consists of the chairperson, clerk/treasurer, and three trustees.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 “The Financial Reporting Entity,” these financial statements present the Fire Board, a separate entity formed under the authority of the Rural Cooperation Act, with its members being the townships of Ocqueoc and Bearinger. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading, if data were not included. Accordingly, there are no other governmental organizations required to be included in the financial statements of the Ocqueoc Bearinger Fire Board.

Blended Component Unit – The Fire Board has no blended component units.

Discretely Presented Component Unit – The Fire Board has no discretely presented component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Separate columns are included in the financial statement for the government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) and the fund financial statements, which present the sole governmental (General) fund of the Fire Board.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Fire Board reports the following major governmental fund:

General Fund

The General Fund is the Fire Board's only fund. It accounts for all financial resources of the Fire Board.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Bank Deposits and Investments

The Fire Board's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the Statement of Net Assets. Capital assets are defined by the Fire Board as assets with an initial individual cost of more than \$1,400 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building	50 years
Vehicles and Equipment	10-25 years

3. **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Fire Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Fire Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Fire Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Fire Board during the fiscal year.

The appropriated budget is prepared by fund, function, and line item. The legal level of budgetary control adopted by the governing body is the line item level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparisons of actual results of operations as compared to budget for the General Fund are included in the required supplemental information.

Excess of Expenditures Over Appropriations in Budgeted Funds

P.A. 621 of 1978, Section 18(1), as amended (MCL 141.421 et seq.) provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Fire Board's actual expenditures and budgeted expenditures for the governmental funds have been shown on a functional basis. The approved budgets of the Fire Board for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2007, the Fire Board incurred the following expenditure in excess of budget amounts:

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General Fund – Capital Outlay	\$2,000	\$15,492	(\$13,492)

B. COMPLIANCE

The Fire Board does not fully comply with the Uniform Chart of Accounts. The Ocqueoc Bearinger Fire Board is required to maintain a classification of accounts in accordance with the Uniform Chart of Accounts for Counties and Local Unites of Governments in Michigan issued by the Michigan Department of Treasury, Local Audit and Finance Division, under the authority of Public Act 2 of 1968, as amended, and Public Act 71 of 1919, as amended. This issue is addressed in greater detail in the Letter of Comments and Recommendations to the Board.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, as amended by Public Act 196 of 1997, authorizes the treasurer to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which matures not more than 270 days after the date of purchase; and obligations of the State of Michigan or its political subdivisions which are rated investment grade; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Ocqueoc Bearinger Fire Board's deposits are in accordance with statutory authority.

Deposits are carried at cost. Deposits of the Ocqueoc Bearinger Fire Board are at one bank in the name of Ocqueoc Bearinger Fire Board.

Total deposits and investments and the GASB Statement No. 3, risk disclosures for deposits, are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>\$ 5,434</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	\$ 7,120
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>\$ 7,120</u>

The Fire Board did not have any investments as of March 31, 2007.

B. CAPITAL ASSETS

Capital asset activity of the Fire Board for the current year was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Building	\$169,000	\$ -	\$ -	\$169,000
Equipment	<u>312,917</u>	<u>15,492</u>	<u>-</u>	<u>328,409</u>
Subtotal	<u>481,917</u>	<u>15,492</u>	<u>-</u>	<u>497,409</u>
Less: Accumulated Depreciation	<u>(107,723)</u>	<u>(18,981)</u>	<u>-</u>	<u>(126,704)</u>
Net Capital Assets	<u>\$374,194</u>	<u>\$ (3,489)</u>	<u>\$ -</u>	<u>\$370,705</u>

Depreciation expense of the Fire Board's governmental activities for the year amounted to \$18,981.

NOTE 4 – RISK MANAGEMENT

The Fire Board is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Fire Board has purchased commercial insurance coverage through various policies for property loss, torts and workers' compensation claims. There were no reductions in the current fiscal year, and settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 5 – DEFINED CONTRIBUTION PLAN

The Fire Board does not have a pension plan.

Required Supplementary Information

OCQUEOC BEARINGER FIRE BOARD

Required Supplementary Information

Budgetary Comparison Schedule – General Fund For the Year Ended March 31, 2007

	Budgeted Amounts			Variance
	Original	Final	Actual	to Budget
Revenues:				
Township of Ocqueoc	\$ 11,949	\$ 11,949	\$ 11,949	\$ -
Township of Bearinger	15,551	15,551	15,551	-
State grant	-	-	2,433	2,433
Miscellaneous	-	-	6,096	6,096
Total Revenues	27,500	27,500	36,029	8,529
Expenditures:				
Public Safety - Fire Protection:				
Wages and taxes	6,000	6,000	5,831	169
Supplies	4,000	4,000	2,618	1,382
Vehicle operation	1,000	1,000	345	655
Vehicle maintenance	1,000	1,000	264	736
Insurance	7,500	7,500	7,303	197
Utilities	3,000	3,000	2,894	106
Building maintenance	1,000	1,000	901	99
Miscellaneous	2,000	2,000	465	1,535
Capital outlay	2,000	2,000	15,492	(13,492)
Total Expenditures	27,500	27,500	36,113	(8,613)
Excess of Revenues Over Expenditures/ Changes in Net Assets	-	-	(84)	(84)
Fund Balance/Net Assets - April 1	5,518	5,518	5,518	-
Fund Balance/Net Assets - March 31	\$ 5,518	\$ 5,518	\$ 5,434	\$ (84)

February 11, 2007

Ocqueoc Bearinger Fire Board
Board of Directors
Presque Isle County, Michigan

Re: Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

Dear Board of Directors:

I have audited the financial statements of the Ocqueoc Bearinger Fire Board as of and for the fiscal year ended March 31, 2007 and have issued my report thereon dated February 11, 2007. As described in Note 1, the Ocqueoc Bearinger Fire Board's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. In conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance

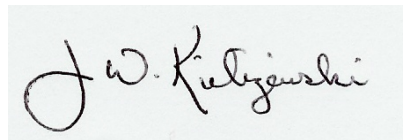
As part of obtaining reasonable assurance about whether Ocqueoc Bearinger Fire Board's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I consider Ocqueoc Bearinger Fire Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the

internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management of the Ocqueoc Bearinger Fire Board and other regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "J.W. Kieliszewski". The signature is written in a cursive style with a large initial "J" and "W".

J.W. Kieliszewski, CPA

August 2, 2007

Ocqueoc Bearinger Fire Board
Board of Directors
Presque Isle County, Michigan

Dear Board of Directors:

I wish to express my appreciation for the fine cooperation extended to me during the audit of your financial statements.

At one of your next regular Board Meetings the audited Financial Statements should be formally accepted and the copy marked for this purpose made a part of your Minute Book. I will plan to attend that meeting and be prepared to make a brief presentation on the audit.

Prior to this audit I obtained written permission from Ocqueoc Bearinger Fire Board officials to disclose immediately any findings of suspected fraud and/or embezzlement directly to the Deputy State Treasurer. During the course of the audit I noted no instances of suspected fraud and/or embezzlement.

The following comments and recommendations are submitted in the interest of improved accounting procedures, closer compliance with the various state and federal regulations and requirements.

ACCOUNTING SYSTEM

Currently the Fire Board does not maintain a complete general ledger system, including a balance sheet, nor does it utilize the State Chart of Accounts. Additionally, certain expenses paid for in the accounting period were subtracted from the single entry system in an attempt to recognize that they were budgeted in the previous accounting period.

Recommendation:

A complete general ledger, utilizing the State Chart of Accounts, could be added, as an additional column, to the spreadsheet currently in use. Additionally, the balance sheet accounts of cash and payroll withholding can be added to the spreadsheet as beginning and ending balances to reconcile the flow of cash receipts and disbursements experienced in the check register. No accounting recognition should be affected in the above cash basis system for budgetary carryovers or expense and revenue account offsets.

P.A. 621 VIOLATION

The Fire Board is in technical violation of one part of the Uniform Accounting and Budgeting Act as disclosed in the Notes to the Financial Statements. This was the result of an attempt to recognize the prior fiscal year's budgetary allowance for capital outlay during this fiscal year.

Recommendation:

In all cases the budget has fulfilled its operational purpose as management has analyzed the various reports and any operating deficits resolved. However, to comply fully with the technical aspects of P.A. 621, it is suggested that the final review of the budget status report, currently being done in preparation for the next fiscal year's budget, result in a final amendment of the budget. This adjustment should anticipate accrual basis adjustments.

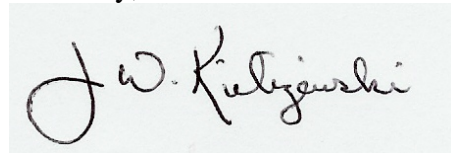
ACCEPTANCE BY BOARD OF AUDITED FINANCIAL STATEMENTS

It is recommended that these Audited Financial Statements and recommendations be accepted by the Board by a motion similar to the following:

“Moved by _____ and seconded by _____ that the 2006-2007 Audited Financial Statements be accepted as presented and that, insofar as possible, the recommendations made by our auditor in his Letter of Comments and Recommendations be followed.”

As indicated, I will plan to attend one of your next regular Board Meetings. Please let me know your preferred date as soon as possible.

Sincerely,

A handwritten signature in black ink, reading "J.W. Kieliszewski". The signature is written in a cursive style with a large, stylized "J" and "K".

J.W. Kieliszewski, CPA